

ROMANET LAKE MINES LIMITED

AUG 7 1962

Filed with the Ontario Securities Commission under Section 38 of The Securities Act (Ontario).

1. The full name of the Company is ROMANET LAKE MINES LIMITED (hereinafter called "the Company"). The address of the head office of the Company is Room 1004, 80 Richmond Street West, Toronto, Ontario.
2. The Company was incorporated under the laws of the Province of Ontario by letters patent dated April 2, 1962. No supplementary letters patent or a similar authority for variation of the letters patent or otherwise has been issued.
3. The names in full, present occupations and home addresses in full of the officers and directors of the Company are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Home Address</u>
RANDOLPH POPE MILLS President and Director	Mining Executive	215 St. James Street West, Montreal, Quebec.
JOHN DOUGLAS STREIT Vice-President and Director	Mining Executive	3 Mildenhall Road, Toronto, Ontario.
CHARLES WILLIAM STREIT Secretary-Treasurer and Director	Mining Executive	88 Stratford Crescent, Toronto, Ontario.
HAROLD ANTHONY OAKS Director	Mining Executive	322 Rosemary Road, Toronto, Ontario.
JOSEPH CHARLES DONATIEN LIARD Director	Mining Executive	95 Chiltern Hill Road Toronto, Ontario.

The promoters of the Company are as follows:

R. P. MILLS & COMPANY LIMITED
215 St. James Street West, Montreal, Quebec.

J. BRADLEY STREIT & COMPANY LIMITED
Room 1004, 80 Richmond Street West
Toronto, Ontario.

TARANCO HOLDINGS LTD.
4 King Street West, Toronto, Ontario.

4. The Company's Auditors are Messrs. McCormack, Barker and Wesbrook, 357 Bay Street, Toronto, Ontario.
5. The Company's Registrar and Transfer Agent is the Guaranty Trust

Company of Canada, 366 Bay Street, Toronto, Ontario.

6. The authorized capital of the Company is \$5,000,000 divided into 5,000,000 shares with a par value of \$1.00 each. As of the date of this prospectus 5 common shares have been issued as qualifying shares to the five above directors and also 850,000 common shares have been issued.
7. There are no bonds or debentures authorized or outstanding or proposed to be issued.
8. Certificates representing 850,000 shares being certain of the shares issued for properties as outlined in paragraph 12 (i) (a) (b) (hereinafter called the vendors' shares) are presently in escrow with the Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario. The escrowed vendors' shares are subject to pro rata release to the person entitled thereto only upon the prior written consent of the Ontario Securities Commission and the Board of Directors of the Company. Any dealings with the vendors' shares within the escrow, including assignment, hypothecation or alienation will require the written consent of the Ontario Securities Commission. Vendors' shares now free of escrow, vendors' shares which may become free of escrow and shares which have been previously or which may hereafter be sold for cash by the Company and shares purchased from time to time in the market by a registered security dealer or by a broker, may be offered and sold at the then current offering price for shares of the Company, but the proceeds of such sales will not accrue to the treasury of the Company except as outlined in paragraph 14. With the exception of the arrangements described in paragraph 14 the signatories hereto are not aware of any present or proposed arrangement whereby the vendors' shares of the Company have been or will be given or sold to any persons as a bonus or otherwise. If any such arrangement is made and comes to the knowledge of the signatories hereto, an appropriate amendment to this prospectus will be filed within 20 days thereof if the securities of the Company are then in the course of primary distribution.
9. The following shares have been sold for cash to date:

<u>Shares Sold</u>	<u>Total Cash Received</u>	<u>Commission Paid</u>
5 shares (original incorporators)	<u>\$ 5.00</u>	Nil
Total cash received for shares sold to date	<u>\$ 5.00</u>	Nil

10. No securities of the Company, other than shares, have been sold for cash to date.
11. No shares have been issued or are to be issued and no cash has been paid nor is any cash to be paid by the Company to any promoter as such. The consideration paid by the Company to the vendors of assets of the Company is set out in paragraph 12 (ii) (a) and (b).
12. (i) The Company holds
- (a) 27 mining claims located in the Romanet Lake Area approximately 105 miles from the Northern Terminus of the Quebec, North Shore and Labrador Railroad and recorded in the Department of Mines for the Province of Quebec as:
- Mining Claim No. 188109 clms. 4-5;
- Mining Claim No. 188110 clms. 1-5;
- Mining Claim No. 188111 clms. 1-5;
- Mining Claim No. 188112 clms. 1-5;
- Mining Claim No. 188113 clms. 1-5;
- Mining Claim No. 188114 clms. 1-5.
- (b) 50 mining claims located in the Romanet Lake Area approximately 105 miles from the Northern Terminus of the Quebec, North Shore and Labrador Railroad and recorded in the Department of Mines for the Province of Quebec as:
- Mining Claim No. 185770 clms. 3-5;
- Mining Claim No. 185771 clms. 3-5;
- Mining Claim No. 185772 clms. 3-5;
- Mining Claim No. 185773 clms. 3-5;
- Mining Claim No. 185775 clms. 2-5;
- Mining Claim No. 185777 clms. 2-5;
- Mining Claim No. 185744 clms. 1-5;
- Mining Claim No. 185746 clms. 1-5;
- Mining Claim No. 185748 clms. 1-5;
- Mining Claim No. 185750 clms. 1-5;
- Mining Claim No. 185752 clms. 1-5;
- Mining Claim No. 185745 clm. 1;

Mining Claim No. 185747 clm. 1;
Mining Claim No. 185749 clm. 1;
Mining Claim No. 185751 clm. 1;
Mining Claim No. 185753 clm. 1.

(ii) (a) The following person was the vendor to the Company of the properties described in paragraph 12 (i) (a) pursuant to an agreement dated June 5, 1962, and he received as consideration therefor 150,000 fully paid and non-assessable shares in the capital stock of the Company and the sum of \$5,000 as set forth opposite his name:

GEORGE JORGENSEN, Pinecourt, Quebec	150,000 shares \$ 5,000
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(b) The following limited companies are the vendors to the Company of the properties described in paragraph 12 (i) (b) pursuant to an agreement between it and the said limited companies dated April 9, 1962, by which the vendor limited companies received as consideration therefor 700,000 fully paid and non-assessable shares in the capital stock of the company as set forth opposite their names:

R. P. MILLS & COMPANY LIMITED 215 St. James Street West, Montreal, Quebec.	233,333 shares
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J. BRADLEY STREIT & COMPANY LIMITED Room 1004, 80 Richmond Street West, Toronto, Ontario.	233,334 shares
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TARANCO HOLDINGS LTD. 4 King Street West, Toronto, Ontario.	233,333 shares
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The only person having more than a 5% interest in R. P. Mills & Company Limited is Randolph Pope Mills, 215 St. James Street West, Montreal, Quebec.

The only persons having more than a 5% interest in Taranco Holdings Ltd. are:

Thomas Alexander Richardson, 427 Russell Hill Road, Toronto, Ontario.
George Alastair Richardson, 49 Country Lane, Toronto, Ontario.
Marshall Stearns, 91 Glen Edith Drive, Toronto, Ontario.
George Alexander Hunter, 5 Alderbrook Drive, Don Mills, Ontario.
Harold Anthony Oaks, 312 Rosemary Road, Toronto, Ontario.

(iii) As far as the signatories hereto are aware, no person or company has received or is to receive from the said vendors a greater than five per cent interest in the said shares or other consideration except as mentioned in paragraphs 12 (ii) (a) and (b).

13. (a) The properties described in paragraphs 12 (i) (a) and (b) comprise approximately 1,100 acres and 2,000 acres, respectively. An account of the accessibility and known history of the properties described in paragraphs 12 (i) (a) and (b) and of the character, extent and condition of the surface and underground exploration and development thereof, is contained in the report of J. H. Morgan, Ph. D., Consulting Geologist, dated June 6, 1962, which is attached hereto and forms part of this prospectus and to which reference is hereby made. There is no surface or underground plant or equipment on the said claims. The present management of the Company is conducting geological mapping and prospecting at the present time.

(b) Under an agreement dated April 30, 1962, between the Company and Freeport Sulphur Company, a company duly incorporated and subsisting under the laws of the State of Delaware, United States of America and listed on the New York Stock Exchange as a public company with 7,545,000 shares outstanding, (hereinafter referred to as "Freeport"), concerning the properties in paragraph 12 (i) (b), Freeport has the right for a time period from April 30, 1962, till July 15, 1963, to prospect, explore and develop the said property, such that if not less than \$50,000 be spent on the said property, of which \$10,000 must be spent before January 1, 1963, then Freeport shall be deemed to have earned a 51% interest in the claims on the said property which it may then transfer to a new company to be incorporated, the interest in which would be 51% as to Freeport and 49% as to Romanet Lake Mines Limited. Freeport agrees to follow the recommendations contained in the report of J. H. Morgan, Ph. D., Consulting Geologist, dated June 6, 1962, in the development of the said property. As far as the signatories hereto are aware, and to the best of their information, knowledge and belief, no person holds a greater than five per cent interest in the outstanding shares of Freeport Sulphur Company.

14. By an agreement dated June 5, 1962, between the Company and J. Bradley Streit & Company Limited, Room 1004, 80 Richmond Street West, Toronto, Ontario, as Underwriter-Optionee, acting on its own behalf as to a 33 1/3% interest therein and on behalf of the clients hereinafter named each as to a 33 1/3% interest, the Company has agreed to sell and the Underwriter-Optionee has agreed to purchase 150,000 treasury

shares of the Company to be allotted as fully paid and non-assessable at the price of 10¢ per share, payable forthwith after the "Effective Date" therein defined as the date of the acceptance hereof for filing by the Ontario Securities Commission. The said agreement also provides for the option to purchase the whole or any part of a further 800,000 treasury shares of the Company as follows:

All or any part of 200,000 shares at any time or times or from time to time on or before a terminal date which shall be on the day which is six (6) calendar months from the Effective Date at the option price of 10¢ per share.

All or any part of 200,000 shares at any time or times or from time to time on or before a terminal date which shall be on the day which is nine (9) calendar months from the Effective Date at the option price of 12½¢ per share.

All or any part of 200,000 shares at any time or times or from time to time on or before a terminal date which shall be on the day which is twelve (12) calendar months from the Effective Date at the option price of 15¢ per share.

All or any part of 200,000 shares at any time or times or from time to time on or before a terminal date which shall be on the day which is fifteen (15) calendar months from the Effective Date at the option price of 17½¢ per share.

The said agreement provides that if the Underwriter-Optionee fails to exercise any of the said options, the agreement shall not thereby lapse, but that the Underwriter-Optionee shall be entitled to 15 days notice in writing by the Company of its intention to terminate the agreement. If such notice be given and the default cured within 15 days, the agreement shall remain in force, otherwise the agreement shall, after 15 days have expired, automatically terminate insofar as it has not then been exercised. It is understood that in the event of default occurring under the agreement, or of an extension for the option being agreed upon, an amending statement to this prospectus must be filed within 30 days thereof if the Company's shares are still in the course of primary distribution.

J. Bradley Streit & Company Limited has entered into the said agreement on its own behalf as to a 33 1/3% interest and on behalf of its clients, R. P. Mills & Company Limited, 215 St. James Street West,

Montreal, Quebec and Taranco Holdings Ltd., 4 King Street West, Toronto, Ontario, each as to a 33 1/3% interest.

The only person having more than a 5% interest in R. P. Mills & Company Limited is Randolph Pope Mills, 215 St. James Street West, Montreal, Quebec.

The only persons having more than a 5% interest in Taranco Holdings Ltd. are:

Thomas Alexander Richardson, 427 Russell Hill Road, Toronto, Ontario.

George Alastair Richardson, 49 Country Lane, Toronto, Ontario.

Marshall Stearns, 91 Glen Edith Drive, Toronto, Ontario.

George Alexander Hunter, 5 Alderbrook Drive, Don Mills, Ontario.

Harold Anthony Oaks, 322 Rosemary Road, Toronto, Ontario.

The plan of distribution to the public of the said shares to be purchased and of any optioned shares taken down and distributed in the Province of Ontario is that they will be distributed by the Underwriter-Optionee in any of the following ways:

- (a) as principals;
- (b) by granting sub-options or sub-underwritings to registered security dealers at an advance in price not to exceed 1¢ per share over the price paid to the Company;
- (c) through registered security dealers as agents at a commission rate as set out by the Toronto Stock Exchange for mining companies;
- (d) through registered security dealers as agents at a commission not to exceed 25% of the selling price plus such dealers' promotional and advertising expenses not to exceed an additional 15%.

There are no sub-option or sub-underwriting agreements outstanding and except as aforesaid none are proposed to be given.

The only persons having more than a 5% interest in J. Bradley Streit & Company Limited are J. Bradley Streit, 1 Benevenuto Place, Toronto, Ontario, Joseph Anthony Hackett, 36 Alexandra Wood, Toronto, Ontario, James Douglas Streit, 3 Mildenhall Road, Toronto, Ontario and Charles William Streit, 88 Stratford Crescent, Toronto, Ontario.

securities for development work on the properties of the Company described in paragraphs 12 (i) (a) and (b) on the basis of the recommendations set forth in the report of J. H. Morgan, Ph. D., Consulting Geologist, dated June 6, 1962, which is attached to this prospectus and forms part hereof and to which reference is hereby made, for working capital and for current operating expenses. The Company proposes to supervise the development work on the properties in paragraph 12 (i) (b) which Freeport Sulphur Company will develop in accordance with the said report of J. H. Morgan, Ph. D., Consulting Geologist, dated June 6, 1962. The method and extent of further exploration and development work will depend upon the recommendations of the technical advisers of the Company.

16. The Company has not been incorporated for more than one year.
17. No indebtedness is to be created or assumed, other than the ordinary operating expenses of the Company, which is not shown in the balance sheet of the Company as at June 11, 1962, reported on by Messrs. McCormack, Barker & Westbrook, Chartered Accountants, accompanying and forming part of this prospectus.

18. (i)

The particulars of the business in which each director and officer of the Company has been engaged for the past three years are as follows:

RANDOLPH POPE MILLS
President and Director

Mining Executive and President of Quebec Smelting Refining Limited and of various mining companies.

JOHN DOUGLAS STREIT
Vice-President and Director

Director and Officer of J. Bradley Streit & Company Limited and of various mining companies.

CHARLES WILLIAM STREIT
Secretary-Treasurer and Director

Director and Officer of J. Bradley Streit & Company Limited and of various mining companies.

HAROLD ANTHONY OAKS
Director

Mining Engineer, Partner in T. A. Richardson & Company Limited.

JOSEPH CHARLES DONATIEN LIARD
Director

Sole owner of National Translation Company, Director of Norau Copper Mines Limited, Consolidated Fenimore Iron Mines Limited, New Lorie Mines Limited and other companies.

(ii)

To the knowledge of the signatories hereto no director or officer of the Company has or ever had any interest director or indirect and either personally or as a partner in a firm in any property acquired

acquired by the Company other than as set out in paragraph 12 (ii) (b) and as set out in paragraph 14.

(iii)

No remuneration has been paid by the Company to the directors or officers during the last financial year and it is not proposed to pay any remuneration to directors or officers during the current financial year.

19. No dividends have been paid by the Company.
20. As far as the signatories hereto are aware there is no agreement in writing under which any person is entitled to elect or cause to be elected a majority of the directors of the Company nor is there any person or company, who, by reason of beneficial ownership of shares in the Company, is in a position to elect or cause to be elected such a majority, however, if J. Bradley Streit & Company Limited, R. P. Mills & Company Limited and Taranco Holdings Ltd. voted together they could control the Company.
21. There is no other material fact not disclosed in the foregoing.

DATED AT Toronto, Ontario this 11th day of June, 1962.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

Officers and Directors of Romanet Lake Mines Limited.

RANDOLPH POPE MILLS

JOHN DOUGLAS STREIT

CHARLES WILLIAM STREIT

HAROLD ANTHONY OAKS

JOSEPH CHARLES DONATIEN LIARD

Promoters of Romanet Lake Mines Limited:

R. P. MILLS & COMPANY LIMITED

Per: _____

Per: _____

J. BRADLEY STREIT & COMPANY LIMITED

Per: _____

Per: _____

TARANCO HOLDINGS LTD.

Per: _____

Per: _____

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE

J. BRADLEY STREIT & COMPANY LIMITED

Per: _____

Per: _____

ROMANET LAKE MINES LIMITED

ROMANET LAKE AREA - NEW QUEBEC

TOWNSHIP NO. 4952

Property and Location

Group I, Romanet Lake Mines Limited, consists of 50 claims, about 2000 acres in area. These claims bear Miner's Certificate Numbers:-

C 185744	claims	1 - 5	C 185752	claims	1 - 5
C 185745	"	1	C 185753	"	1
C 185746	"	1 - 5	C 185770	"	3 - 5
C 185747	"	1	C 185771	"	3 - 5
C 185748	"	1 - 5	C 185772	"	3 - 5
C 185749	"	1	C 185773	"	3 - 5
C 185750	"	1 - 5	C 185775	"	2 - 5
C 185751	"	1	C 185777	"	2 - 5

The Romanet Lake Area is accessible by air from Schefferville, Quebec. This town is located 110 miles south-southeast of Romanet Lake and is the northern terminus of the Quebec, North Shore and Labrador Railroad.

HISTORY

Showings of chalcopyrite mineralization were found in the Romanet Lake area late in 1961. Group I was staked in 1961 and optioned to Freeport Sulphur Company in May, 1962. Geological mapping and prospecting is now under way, but results are not yet available.

GEOLOGY

Geological knowledge of the Romanet Lake area is still rudimentary and is derived from a few field observations, aerial photos and topographic maps. The immediate area of the properties staked in the Romanet Lake area is now being mapped.

A series of volcanics and sediments intruded by gabbro sills has been folded, faulted and tilted at angles of 40 to 50 degrees, creating a series of cuestas forming giant steps across the country.

Geology - continued

The cliff faces are sometimes 800 feet high, and are prominent on topographic maps and aerial photos.

Two areas underlain by the gabbro-volcanic sequence are separated by a graben, or downfaulted block, which is underlain by younger dolomite, dolomitic quartzite and slate. The relief in the graben area is more subdued.

Group I, Romanet Lake Mines Limited, straddles the north fault of the graben. The northeastern two-thirds of the group is underlain by the gabbro-volcanic complex and the southwestern part by the dolomitic series.

Two types of copper showings have been noted in the Romanet Lake area. Copper occurs in the dolomitic rocks that underlie the graben area. The mode of occurrence and the continuity of the mineralization has not been determined as yet. Chalcopyrite occurs in beds of brecciated quartzite interbedded in the gabbro-volcanic sequence. Grab samples of this material run up to nine percent copper. This type of occurrence has been noted at a number of locations along the north fault of the graben. Because of winter conditions very little has been done to date to investigate the copper showings in the Romanet Lake area. Prospecting possibilities in the area are good, in that copper mineralization is widespread.

GROUP II, ROMANET LAKE AREA

TOWNSHIP 4952, NEW QUEBEC

PROPERTY AND LOCATION

Group II, Romanet Lake Mines Limited is located five miles west of Group I. It contains 27 claims identified by Miner's Certificates numbered:

C 188109	claims	4 and 5	C 188112	claims	1 to 5
C 188110	"	1 to 5	C 188113	"	1 to 5
C 188111	"	1 to 5	C 188114	"	1 to 5

The area of this group is approximately 1100 acres.

HISTORY

Group II was staked late in 1961. Geological mapping and prospecting is just getting underway.

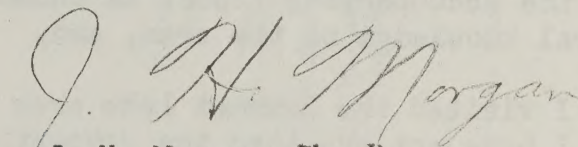
GEOLOGY

Group II is in the graben area, underlain by dolomitic sediments.

RECOMMENDATIONS

A group of companies is conducting a joint program in the Romanet Lake area. This program consists of geological mapping of the immediate area and detailed mapping and prospecting of each claim group. The cost of this preliminary program is estimated at \$ 5,000 per claim group. Romanet Lake Mines Limited and Freeport Sulphur Company are participating in this work. Additional plans must await completion of this program.

Respectfully submitted,

A handwritten signature in cursive script, reading "J. H. Morgan". The signature is written in dark ink and is positioned above the printed name and title.

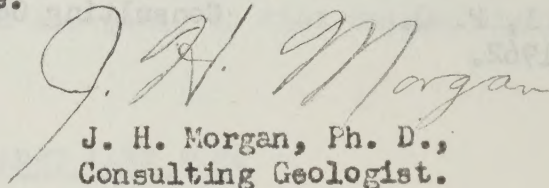
J. H. Morgan, Ph. D.,
Consulting Geologist.

Montreal 1, P. Q.
June 6, 1962.

C E R T I F I C A T E

I, John Harold Morgan, of the City of Montreal, in the province of Quebec, hereby certify:

1. THAT I am a Geologist and reside at 4691 Bessborough Avenue, Montreal 28, Quebec.
2. THAT I am a graduate of the University of Manitoba (B. Sc.) and the University of Wisconsin (M. S. and Ph. D.,) and have been practising my profession as a Geologist for twenty-one years.
3. THAT I have no interest, nor do I expect to receive any interest either direct or indirect, in the properties or securities of Romanet Lake Mines Limited.
4. THAT the accompanying report is based on personal observations and general knowledge of the area, and,
5. THAT I visited the Romanet Lake area on two occasions in 1961 but I have not examined the properties of Romanet Lake Mines Limited personally to date.


J. H. Morgan, Ph. D.,
Consulting Geologist.

Montreal 1, P. Q.
June 6, 1962.

ROMANET LAKE MINES LIMITED

BALANCE SHEET - As at June 11, 1962

<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 5.00	\$ 3,000.00
Bank Balance	<u>1,000.00</u>	<u>1,000.00</u>
	\$ 1,005.00	<u>5,000.00</u>
		\$ 9,000.00
<u>Fixed Assets</u>		
<u>Mining Properties</u>		
50 Mining claims - acquired by the issue of 750,000 shares of capital stock valued by the directors at 10 cents per share (Note 1)	75,000.00	
27 Mining claims - acquired by the issue of 150,000 shares of capital stock valued by the directors at 10 cents per share and a cash payment to be made of \$5,000.00	<u>20,000.00</u>	
	95,000.00	
<u>Other Assets</u>		
<u>Incorporation Expense</u>	3,000.00	
	<u>\$99,005.00</u>	
		<u>90,000.00</u>
		<u>5.00</u>
		<u>\$99,005.00</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable		
Loan Payable		
Balance owing on Purchase of Mining Claims		
<u>SHAREHOLDERS' EQUITY</u>		
<u>Capital Stock (Note 2)</u>		
Authorized 5,000,000 Shares Par Value \$1.00 each		
Allotted		
For Mining Properties		
900,000 Shares		\$900,000.00
Deduct Discount Thereon		<u>810,000.00</u>
For Cash	5 Shares	

Approved on behalf of the Board

Director

Director

The attached Notes to Balance Sheet are an integral part of the above statement.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of Romanet Lake Mines Limited as at June 11, 1962 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence from incorporation April 2, 1962 to June 11, 1962 as we considered necessary in the circumstances.

We did not examine the documents in support of the Company's mining properties.

In our opinion, subject to the foregoing comment, the above Balance Sheet presents fairly the financial position of the Company as at June 11, 1962.

Toronto, Ontario.
June 12, 1962

Wend

McLeod, Barker & Webber

CHARTERED ACCOUNTANTS

ROMANET LAKE MINES LIMITED

NOTES TO BALANCE SHEET - As at June 11, 1962

Note 1

Under the terms of an agreement dated April 30, 1962 the Company has granted the right to carry out mining work on these claims. In the event that the grantee has incurred costs and expenses, for such mining work, aggregating at least \$10,000.00 before January 1, 1963 and aggregating at least \$50,000.00 by July 15, 1963 the grantee shall be entitled to a 51% interest in these claims. The grantee has the right, under the agreement, to incorporate a new company and, providing that the conditions of the agreement are met, to cause these claims to be transferred to the New Company. In the event that a New Company is incorporated and the claims transferred thereto the Company will be entitled to receive 49% of the shares of the New Company issued as consideration for these claims.

Note 2

Under the terms of an agreement dated June 7, 1962, which is subject to the acceptance for filing by the Ontario Securities Commission of a prospectus disclosing the terms of the agreement and the qualification for sale in Ontario of the shares referred to therein (the date of which acceptance and qualification being the effective date of the agreement) the Company has agreed to sell 150,000 shares of capital stock for \$15,000.00 cash payable forthwith after the effective date.

Options are outstanding under this agreement on a further 800,000 shares of capital stock exercisable as follows:

- 200,000 shares at 10 cents per share on or before 6 months from the effective date
- 200,000 shares at 12-1/2 cents per share on or before 9 months from the effective date
- 200,000 shares at 15 cents per share on or before 12 months from the effective date
- 200,000 shares at 17-1/2 cents per share on or before 15 months from the effective date